

# ANNUAL REPORT

of the

ALBERTA DAIRY CONTROL BOARD

for the year

1989 – 1990

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ANNUAL REPORT

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ALBERTA DAIRY CONTROL BOARD

for the fiscal year

ending March 31, 1990





## Chairman's Message

We are pleased to report on the activities of the Alberta Dairy Control Board for the fiscal year ended March 31, 1990. At the outset, I wish to express appreciation to Mike Dordevic who after announcing his retirement, gave his undivided attention to assist the transfer of the Chairmanship. I would also like to thank all stakeholders in the dairy industry for their kind assistance to the Chairman and the new Board members. The Dairy Control Board, as in the past, is committed to provide you with the best possible service. This commitment is extended to provide an atmosphere of open dialogue between all stakeholders in the dairy industry.

The world marketplace for dairy products is negatively impacted by declining demand for butterfat. As a result, the dairy industry struggles to quickly shift emphasis from surplus products, butter and skim milk powder, into products of greater consumer demand. International bodies emphasize the urgency of matching production, processing and marketing programs to the ever changing consumer market. The Dairy Control Board has acted as an active participant in setting a long-term focus on programs which facilitate these market realities.

At the national level, Alberta continues to be a participant as one of the signatories and supporters to the National Milk Marketing Plan. As a member of this National Plan, it was necessary to support a three percent milk production cut in response to the changing consumer emphasis on low-fat products.

The long standing Alberta dairy industry restructuring talks came to an end last December when industry agreement could not be reached on the assembly and transportation issue. This issue aside, the Dairy Control Board, working with industry has implemented new programs to deal with many of the outstanding issues. New guidelines for distribution, product labelling, industrial milk allocation and pricing, fluid quotas, quota transfers and many more are being introduced by the Dairy Control Board. The Board has a commitment to manage change by involving all stakeholders wherever possible.

The Dairy Board conducts all deliberations with the objective of creating the highest level of competition within the constraints and disciplines of a supply managed industry.

I am taking this opportunity to express my sincere appreciation to the members of the Alberta Dairy Control Board, Staff, Policy Committee, Alberta Milk Producers' Society, Alberta Dairymen's Association, Department of Agriculture Staff, producers and processors for their valuable contribution in assisting the Dairy Control Board fulfill the legislated mandate. A mandate which includes a responsibility for keeping the Minister of Agriculture, The Honourable Ernie Isley, fully informed on the Alberta dairy industry.

We look forward to the challenges ahead.

James P. Heron, Chairman  
Alberta Dairy Control Board



## ALBERTA DAIRY CONTROL BOARD

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## Authority and Mandate

The Alberta Dairy Control Board is a Crown Corporation, operating under the authority of the Dairy Board Act.

The purpose of the Dairy Board is to control and regulate the sale of milk in Alberta. The Board's responsibilities cross all three sectors of the industry; fluid milk, industrial milk and cream.

Membership of the Board consists of three active dairy producers, one consumer representative and a full time Chairman. The Chairman reports directly to the Minister of Agriculture. The Board has employed ten full time staff to administer dairy policy within Alberta.

The Alberta Dairy Control Board is one of the signatories to the Comprehensive Milk Marketing Plan (the National Plan governing the production of industrial milk in Canada). The Board has accepted the responsibility of administering market share quota, collecting the appropriate levies, and remitting them on behalf of Alberta producers. Mike Dordevic, Chairman, represented Alberta on the Canadian Milk Supply Management Committee, responsible for balancing milk production with domestic and export demand.

Dairy policies are developed with the objective to provide efficient producers and processors of milk and cream an opportunity of obtaining a fair return for their labor and investment. Of equal importance is that of providing consumers of dairy products with a continuous supply of high quality dairy products at reasonable prices.

The Board has a responsibility to establish the producer price for milk used in all classes except class I. Under authority in the Dairy Board Act, the responsibility is given to the Public Utilities Board to establish the price for class I milk.



## ALBERTA DAIRY CONTROL BOARD

### BOARD MEMBERS

|                                    |                    |
|------------------------------------|--------------------|
| James P. Heron (Chairman)          | ----- Spruce Grove |
| Lucille Dougherty                  | ----- High River   |
| Reid Cameron                       | ----- Millet       |
| James Hunter                       | ----- Medicine Hat |
| Terry Murray                       | ----- Wainwright   |
| Lloyd Johnston (Secretary-Manager) | ----- Wetaskiwin   |

### BOARD STAFF

|   |                  |
|---|------------------|
| Brian Allen (Inspector)                 | ----- Airdrie    |
| Robin Laderoute (Accountant)            | ----- Wetaskiwin |
| Therese Fitzgerald (Market Share Clerk) | ----- Wetaskiwin |
| Dianne Savage (Secretary)               | ----- Airdrie    |
| Emma Elliott (Secretary)                | ----- Wetaskiwin |
| Marj Loov (Secretary)                   | ----- Wetaskiwin |
| Denice Monaghan (Secretary)             | ----- Wetaskiwin |
| Maria Siegl (Secretary)                 | ----- Lethbridge |

## A. Dairy Control Board

Mike Dordevic, Chairman of the Alberta Dairy Control Board, for six years announced his retirement from the Board. Mike will long be remembered by people in the industry for his many years of untiring dedication toward the betterment of the dairy industry.

James P. Heron was appointed as Chairman of the Alberta Dairy Control Board on December 1, 1989.

Mrs. Chorny, a consumer and Albert Kastelic, a producer, each of whom served as members of the Alberta Dairy Control Board for 17 years retired from the Board. Mrs. Chorny and Albert Kastelic both have an undonated record of fairness and dedication to the dairy industry. The industry has grown and matured due in part to their many years of input.

Lucille Dougherty, a consumer from High River and Terry Murray, a producer from Wainwright were appointed to the Board.

## B. Operations

The dairy industry did not experience any significant changes in production or consumption during the 1989-90 year. Sales of fluid products decreased by 1.89 percent. Cream sales increased 1.02 percent. Sales of 1% partly skimmed milk continued to show excellent growth reaching 97,000 litres/day. At March 31, 1990 it had captured 12 percent of the fluid milk market. Skim milk sales increased 3.8 percent and 2% partly skimmed milk sales declined by 6.8 percent. Low fat milk, including skim, 1% and 2% combined to represent 71.7 percent of total milk sales.

The number of producers continue to decline with the sharpest drop occurring in the cream sector. As of March 31, 1990 there were 1915 active producers; 1442 milk producers, 473 delivered farm separated cream. This represents a 6.63 percent decline overall and 1.5 percent among the 1442 milk producers.

The Graduated Entry Program exchanges fluid milk quota for market share quota. The program was designed for an industrial milk producer or cream producer to obtain up to 200 litres of daily fluid milk quota over four years. There were 167 producers who received the third allotment on August 1, 1989. The final allotments in this program will occur on August 1, 1990.

Total production under market share quota in the period ending July 31, 1989 was 100.87 percent of the provincial allocation of 11,354,000 kg.

Producers received a refund of over-quota levies paid on deliveries up to 119.6 percent of market share quota. Production to March 31, 1990 indicated that Alberta's MSQ allotment will be met at near the 100 percent level.

Milk utilization for industrial purposes remained approximately 54 percent and for fluid purposes 46 percent of total provincial milk production.

### C. Fluid Milk

The Dairy Board licenced 1442 fluid milk producers, 32 processors, 16 processor distributors and 109 distributors during 1989-90.

Fluid milk quotas were set, adjusted and transferred during the year. Total daily fluid quota allotted to producers were 969,010 litres.

The Board operated a fluid milk equalization pool for Alberta milk producers. Utilization of all milk received by processors was reported to the Board. The utilization and production figures were used to determine quota and over-quota prices each month to be paid to producers. Through the fluid milk equalization pool, the Board collected money from some processors and paid to others in a manner that allowed all producers to be paid the same amount per hectolitre of quota and over-quota milk as their fellow dairymen. 1990 was the fourteenth year of operating the equalization pool.

Producer returns for industrial milk increased to \$40.95/hl on August 1, 1990 representing an increase of \$0.39/hl.



Fluid milk producers experienced a price increase of \$0.98/hl on Class I milk in August and February, a decrease of \$0.98/hl in November, ending at \$53.03/hl in March 1990.

The audit program of the Board was continued during the year. The cooperation provided by the industry is to be commended. The efforts of this audit program is to ensure producers have been accurately paid by processors.

#### D. National Milk Marketing Plan

The Dairy Board appointed a Market Share Policy Committee. Membership on the Committee was two producers; a processor representative from each of Northern Alberta Dairy Pool Ltd., Central Alberta Dairy Pool Ltd., Lucerne Foods Ltd. and one representative from an independent processor other than Lucerne Foods Ltd. or Palm Dairies Limited; one Alberta Agriculture representative, as well as the Chairman of the Alberta Dairy Control Board. This Committee made recommendations to the Dairy Board on matters relating to the Milk Market Sharing Plan and other issues before the industry.

The Board developed dairy policy in consultation with the Quota Committee, the Alberta Milk Producers' Society, Alberta Dairymen's Association, and input from individual producers. The policy respecting market share quota remained consistent with previous policy.

The Board operated a Quota Exchange during the year. This Exchange, one for unused, the other for used, allows producers to transfer market share quota to other producers in the province. There was 2.45 percent of the provincial MSQ transferred in this manner. The purpose of the Quota Exchange is to allow producers to balance small differences between production and quota in a manner that prevents loss of quota due to underdeliveries, payment of over-quota levies or major management changes simply to protect quota.

During the fiscal year, approximately 7 percent of the provincial MSQ changed hands via complete herd and quota transfers.

Producers who delivered less than 90 percent of MSQ during the period ending July 31st had their quota adjusted to reflect the ability to deliver. Despite the underdeliveries by a few producers, the provincial allotment was exceeded by 2.65 percent.

The Dairy Board continued to provide funding in support of the Dairy Cost Study participants who provided data to the study.

The Cost Study results were compared to the fluid milk price as set by the Public Utilities Board to monitor the fluid milk formula. The Cost Study data demonstrated whether or not producers are earning a reasonable rate of return for their investment and management.

The Board staff have availed themselves to other Departments of Government, Agri-business, other agencies and organizations to provide service to the dairy industry at the highest possible level.

The ongoing discussions about how the dairy industry should be restructured failed, without obvious agreement on the entire package, the Alberta Dairy Control, through a process of soliciting stakeholders' input, began addressing individual aspects of the talks. Processors were issued province wide distribution licences. The city of Lethbridge maintained their bylaw which prohibits distribution of milk unless it was processed within a 15 km radius of Lethbridge. Processors were granted the freedom to use whatever brand they wished on their milk cartons.

The Board enjoyed cooperation from all sectors of the industry during the year, including processors, producers, Alberta Milk Producers' Society, other industry groups, Agri-business, several departments of the Alberta Government, Statistics Canada, Agriculture Canada and the Canadian Dairy Commission.

The Board entered into agreements with the Alberta Milk Producers' Society and the Dairy Nutrition Council whereby assessments for dairy promotion and nutrition education are collected by the Board. These monies are transferred to the respective agencies to provide services for producers.

It is significant to identify that the Dairy Board assessments for operating the Board and paying its staff have remained at the same rate since October 1975.

Respectfully Submitted

L.G. Johnston, Secretary-Manager



ALBERTA DAIRY CONTROL BOARD

FINANCIAL STATEMENTS

MARCH 31, 1990

Balance Sheet

Statement of Revenue, Expenditure and Retained Earnings

Notes to the Financial Statements



ALBERTA DAIRY CONTROL BOARD

BALANCE SHEET

AS AT MARCH 31, 1990

|  | <u>1990</u>        | <u>1989</u>        |
|--|--------------------|--------------------|
| <u>ASSETS</u>                              |                    |                    |
| Operating:                                 |                    |                    |
| Cash                                       | \$1,218,475        | \$1,314,199        |
| Due from processors and producers (Note 3) | <u>469,299</u>     | <u>492,774</u>     |
|  | <u>1,687,774</u>   | <u>1,806,973</u>   |
| Trust: (Note 4)                            |                    |                    |
| Cash                                       | 858,488            | 253,026            |
| Due from processors and producers (Note 3) | <u>1,089,096</u>   | <u>797,900</u>     |
|  | <u>1,947,584</u>   | <u>1,050,926</u>   |
|  | <u>\$3,635,358</u> | <u>\$2,857,899</u> |

LIABILITIES AND RETAINED EARNINGS

|  |                    |                    |
|--|--------------------|--------------------|
| Operating:                               |                    |                    |
| Due to processors and producers (Note 5) | \$ 667,310         | \$ 875,631         |
| Due to Province of Alberta               | <u>55,378</u>      | <u>37,565</u>      |
|  | 722,688            | 913,196            |
| Retained earnings                        | <u>965,086</u>     | <u>893,777</u>     |
|  | 1,687,774          | 1,806,973          |
| Trust liabilities (Note 4)               | <u>1,947,584</u>   | <u>1,050,926</u>   |
|  | <u>\$3,635,358</u> | <u>\$2,857,899</u> |

The accompanying notes are part  
of these financial statements.



ALBERTA DAIRY CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1990

|   | <u>1990</u>      | <u>1989</u>      |
|---|------------------|------------------|
| <u>REVENUE</u>                                  |                  |                  |
| Assessments:                                    |                  |                  |
| Fluid milk quota                                | \$276,980        | \$274,604        |
| Market share quota                              | 225,137          | 232,580          |
| Service charges                                 | <u>7,698</u>     | <u>13,047</u>    |
|   | <u>509,815</u>   | <u>520,231</u>   |
| <u>EXPENDITURE</u>                              |                  |                  |
| Administration: (Note 6)                        |                  |                  |
| Salaries and employee benefits                  | 311,924          | 268,893          |
| Travel  | 39,510           | 30,827           |
| General office                                  | 22,050           | 19,079           |
| Data processing                                 | 20,214           | 21,306           |
| Board fees                                      | <u>8,032</u>     | <u>6,711</u>     |
|   | 401,730          | 346,816          |
| Data processing equipment and software          | 5,000            | -                |
| Grants  | <u>31,776</u>    | <u>33,479</u>    |
|   | <u>438,506</u>   | <u>380,295</u>   |
| Excess of revenue over expenditure for the year | 71,309           | 139,936          |
| Retained earnings at beginning of year          | <u>893,777</u>   | <u>753,841</u>   |
| Retained earnings at end of year                | <u>\$965,086</u> | <u>\$893,777</u> |

ALBERTA DAIRY CONTROL BOARD  
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1990

**Note 1    Authority**

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

**Note 2    Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

**Note 3    Due from Processors and Producers**

Amounts due from processors and producers consist of the following:

|                                    | <u>1990</u>         | <u>1989</u>       |
|------------------------------------|---------------------|-------------------|
| Operating:                         |                     |                   |
| Price equalization                 | \$ 417,652          | \$443,373         |
| Fluid milk quota assessments       | 25,157              | 30,105            |
| Market share quota assessments     | 19,349              | 18,825            |
| Other                              | <u>7,141</u>        | <u>471</u>        |
|                                    | \$ <u>469,299</u>   | \$ <u>492,774</u> |
| Trust:                             |                     |                   |
| Canadian Dairy Commission          | \$ 792,474          | \$797,900         |
| Alberta Milk Producers Society     | 276,512             | -                 |
| Dairy Nutrition Council of Alberta | <u>20,110</u>       | <u>-</u>          |
|                                    | \$ <u>1,089,096</u> | \$ <u>797,900</u> |

Note 4 Trust

Under the National Milk Marketing Plan, the Board collects levies from processors on behalf of producers and forwards the levies to the Canadian Dairy Commission. A portion of the levies collected can be refunded to producers under certain conditions. During the year, levies totalling approximately \$13,300,000 (1989 \$17,800,000) were collected under the above Plan.

During the year the Board agreed to collect levies for milk promotion and education on behalf of the Dairy Nutrition Council of Alberta and the Alberta Milk Producers Society. Approximately \$170,000 was collected for the Dairy Nutrition Council of Alberta and approximately \$2,300,000 for the Alberta Milk Producers Society.

Note 5 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

|                    | <u>1990</u>      | <u>1989</u>      |
|--------------------|------------------|------------------|
| Operating:         |                  |                  |
| Price equalization | \$437,978        | \$461,971        |
| Quota exchange     | 227,276          | 409,877          |
| Other              | <u>2,056</u>     | <u>3,783</u>     |
|                    | <u>\$667,310</u> | <u>\$875,631</u> |

Note 6 Administration Costs

Accommodation, office furniture, certain office equipment and certain administrative service costs are borne by the General Revenue Fund and are not reflected in these financial statements. In addition, 25% of all other administration costs of \$535,640 (1989 \$462,421) is borne by the General Revenue Fund and is also not reflected in these financial statements.



**Note 7    Interest on Cash Deposits and Licence Fee Income**

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund of the Province of Alberta.

**Note 8    Approval of Financial Statements**

These financial statements were approved by management.

TABLE 1

## NUMBER OF MILK PROCESSORS AND DISTRIBUTORS

AS AT MARCH 31

|                                     | 1990 | 1989 | 1988 |
|-------------------------------------|------|------|------|
| Number of Processors                | 32   | 32   | 31   |
| Number of Processor/Distributors    | 16   | 16   | 15   |
| Number of Distributor Agents/Depots | 109  | 121  | 90   |

TABLE 2

## FLUID MILK AND CREAM CONSUMPTION IN LITRES

APRIL 1 TO MARCH 31

|             | Milk        | Cream      | Total       |
|-------------|-------------|------------|-------------|
| 1985 - 1986 | 252,846,782 | 9,425,502  | 262,272,284 |
| 1986 - 1987 | 255,115,053 | 9,656,615  | 264,771,668 |
| 1987 - 1988 | 256,961,614 | 10,089,428 | 267,051,042 |
| 1988 - 1989 | 256,286,990 | 10,260,600 | 266,547,590 |
| 1989 - 1990 | 261,153,952 | 10,333,930 | 271,487,882 |

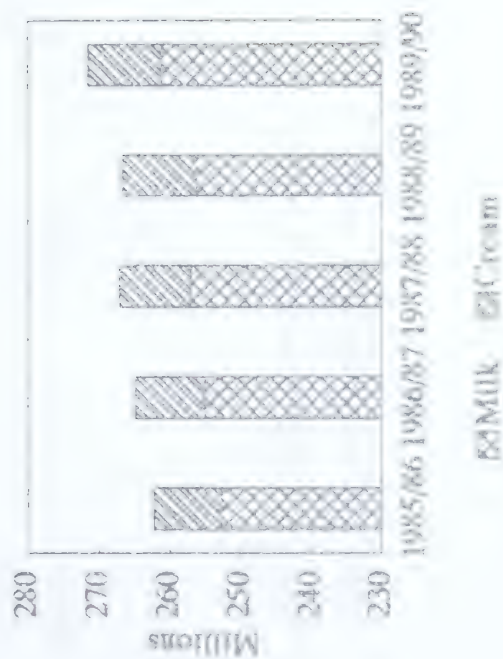


TABLE 3

## SALES OF FLUID MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly    | Cumulative  |
|-----------|------------|-------------|
| April     | 21,299,903 | 21,299,903  |
| May       | 22,752,674 | 44,052,577  |
| June      | 22,655,782 | 66,708,359  |
| July      | 20,252,105 | 86,960,464  |
| Aug       | 22,140,909 | 109,101,373 |
| September | 22,719,071 | 131,820,444 |
| October   | 23,870,850 | 155,691,294 |
| November  | 23,058,863 | 178,750,157 |
| December  | 23,504,021 | 202,254,178 |
| January   | 23,499,397 | 225,753,575 |
| February  | 21,614,640 | 247,368,215 |
| March     | 24,119,667 | 271,487,882 |

Daily Sales

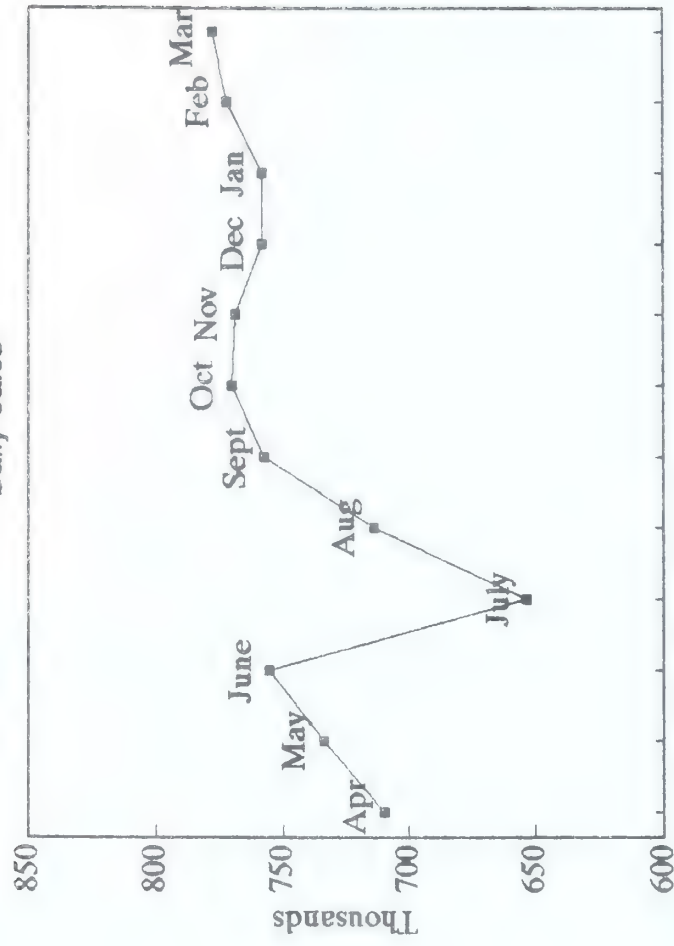




TABLE 4

## SALES OF HOMO MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly   | Cumulative |
|-----------|-----------|------------|
| April     | 3,889,747 | 3,889,747  |
| May       | 4,119,315 | 8,009,062  |
| June      | 4,119,832 | 12,128,894 |
| July      | 3,742,107 | 15,871,001 |
| Aug       | 4,080,161 | 19,951,161 |
| September | 3,950,668 | 23,901,829 |
| October   | 4,234,598 | 28,136,426 |
| November  | 4,044,479 | 32,180,905 |
| December  | 4,024,726 | 36,205,631 |
| January   | 4,185,909 | 40,391,540 |
| February  | 3,825,993 | 44,217,533 |
| March     | 4,211,066 | 48,428,599 |

Daily Sales

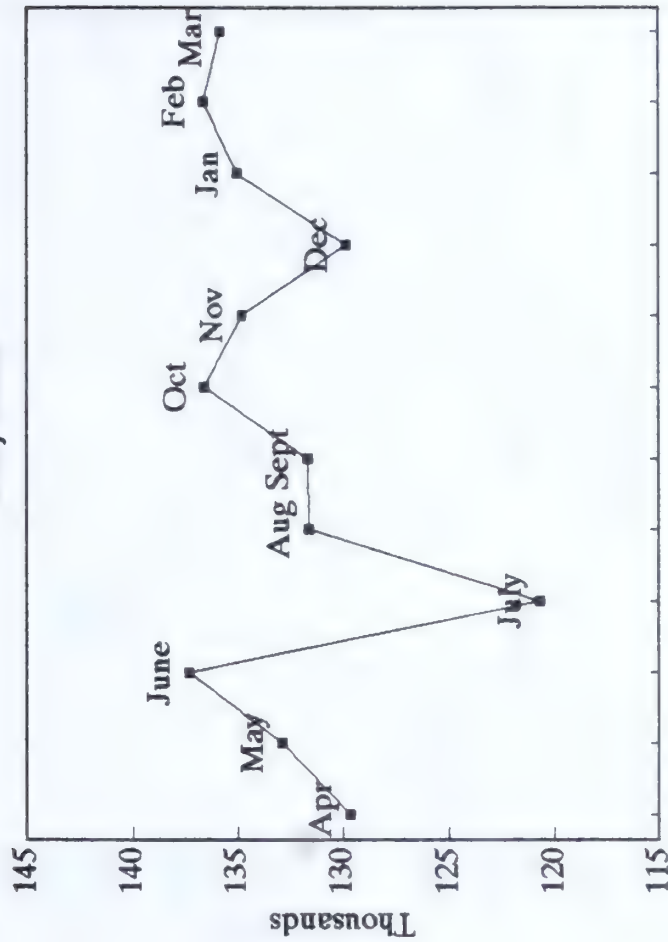


TABLE 5

## SALES OF 2% MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly    | Cumulative  |
|-----------|------------|-------------|
| April     | 11,339,055 | 11,339,055  |
| May       | 12,088,575 | 23,427,630  |
| June      | 11,968,355 | 35,395,985  |
| July      | 10,652,135 | 46,048,120  |
| Aug       | 11,657,785 | 57,705,905  |
| September | 11,987,994 | 69,693,899  |
| October   | 12,384,592 | 82,078,491  |
| November  | 11,839,843 | 93,918,334  |
| December  | 11,529,718 | 105,448,052 |
| January   | 12,217,422 | 117,665,474 |
| February  | 11,139,256 | 128,804,730 |
| March     | 12,274,846 | 141,079,576 |

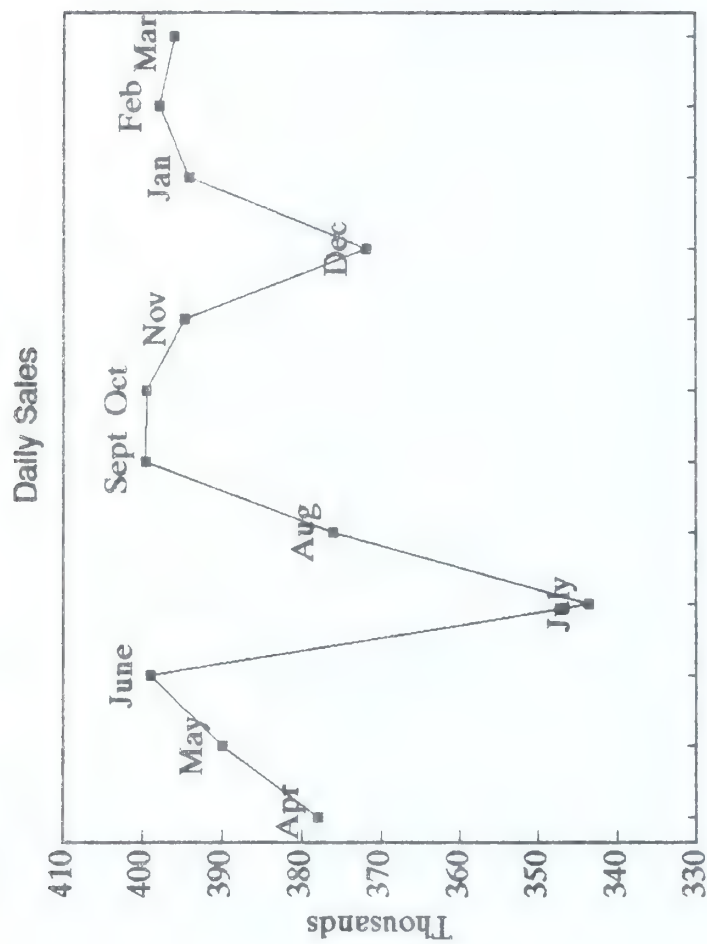


TABLE 6

## SALES OF 1% MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly   | Cumulative |
|-----------|-----------|------------|
| April     | 2,301,597 | 2,301,597  |
| May       | 2,481,390 | 4,782,987  |
| June      | 2,520,734 | 7,303,721  |
| July      | 2,205,393 | 9,509,114  |
| Aug       | 2,418,194 | 11,927,308 |
| September | 2,679,684 | 14,606,991 |
| October   | 2,809,745 | 17,416,736 |
| November  | 2,751,600 | 20,168,336 |
| December  | 2,629,623 | 22,797,959 |
| January   | 2,890,208 | 25,688,167 |
| February  | 2,701,917 | 28,390,084 |
| March     | 3,070,745 | 31,460,829 |

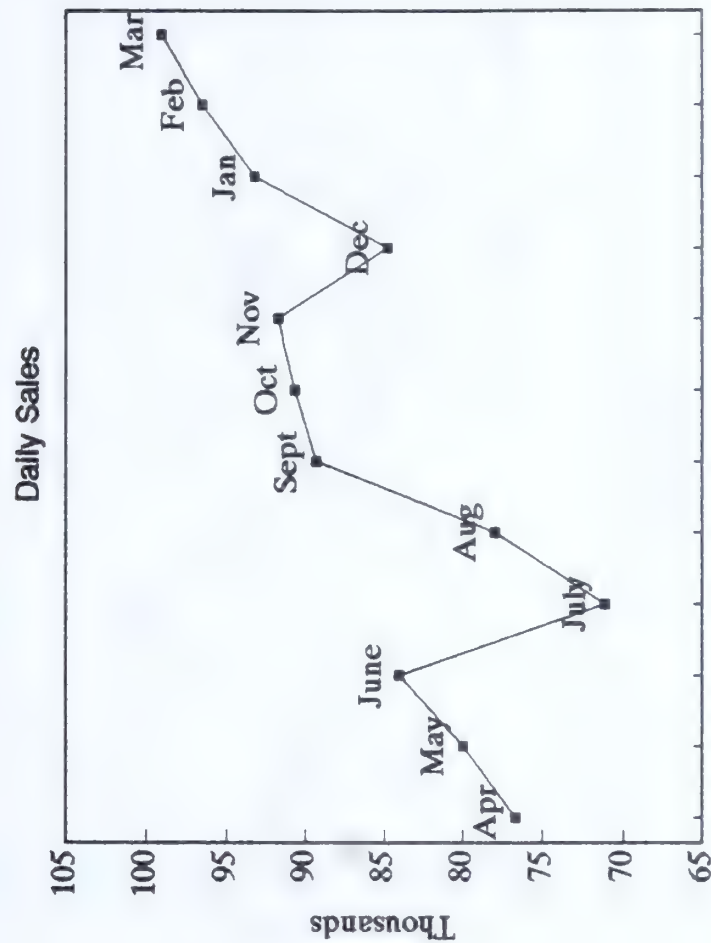


TABLE 7

## SALES OF SKIM MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly   | Cumulative |
|-----------|-----------|------------|
| April     | 1,715,927 | 1,715,927  |
| May       | 1,827,127 | 3,543,054  |
| June      | 1,818,566 | 5,361,620  |
| July      | 1,597,974 | 6,959,595  |
| Aug       | 1,717,274 | 8,676,868  |
| September | 1,848,694 | 10,525,562 |
| October   | 1,935,280 | 12,460,842 |
| November  | 1,879,346 | 14,340,188 |
| December  | 1,757,959 | 16,098,147 |
| January   | 2,002,386 | 18,100,533 |
| February  | 1,839,813 | 19,940,346 |
| March     | 2,119,082 | 22,059,428 |

Daily Sales

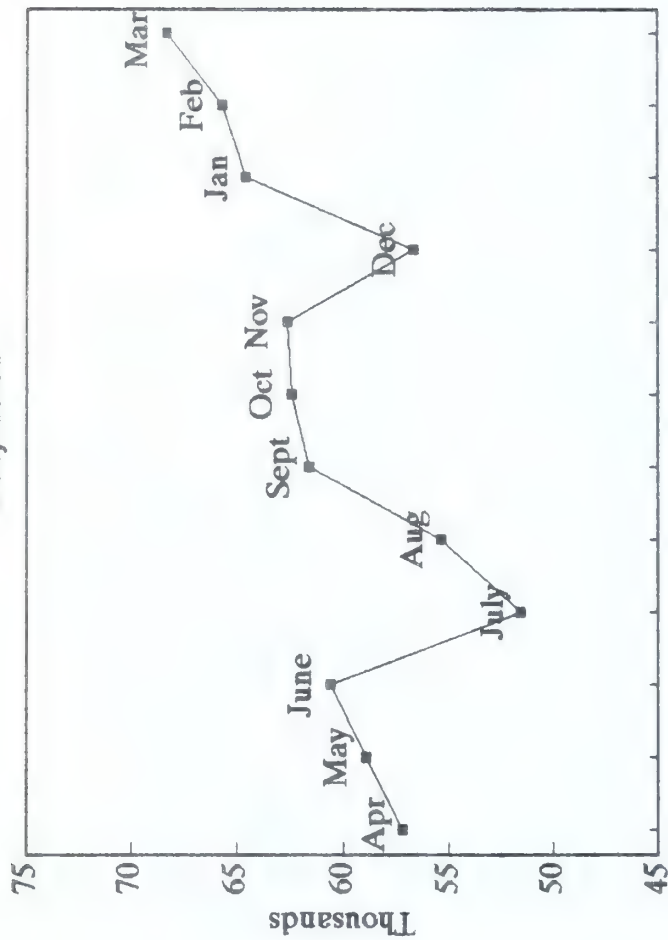


TABLE 8

## SALES OF CHOCOLATE MILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly   | Cumulative |
|-----------|-----------|------------|
| April     | 1,117,609 | 1,117,609  |
| May       | 1,199,376 | 2,316,985  |
| June      | 1,174,136 | 3,491,121  |
| July      | 1,073,791 | 4,564,911  |
| Aug       | 1,185,408 | 5,750,319  |
| September | 1,237,740 | 6,988,059  |
| October   | 1,378,272 | 8,366,331  |
| November  | 1,296,768 | 9,663,099  |
| December  | 1,121,341 | 10,784,440 |
| January   | 1,280,627 | 12,065,067 |
| February  | 1,188,857 | 13,253,924 |
| March     | 1,402,963 | 14,656,887 |

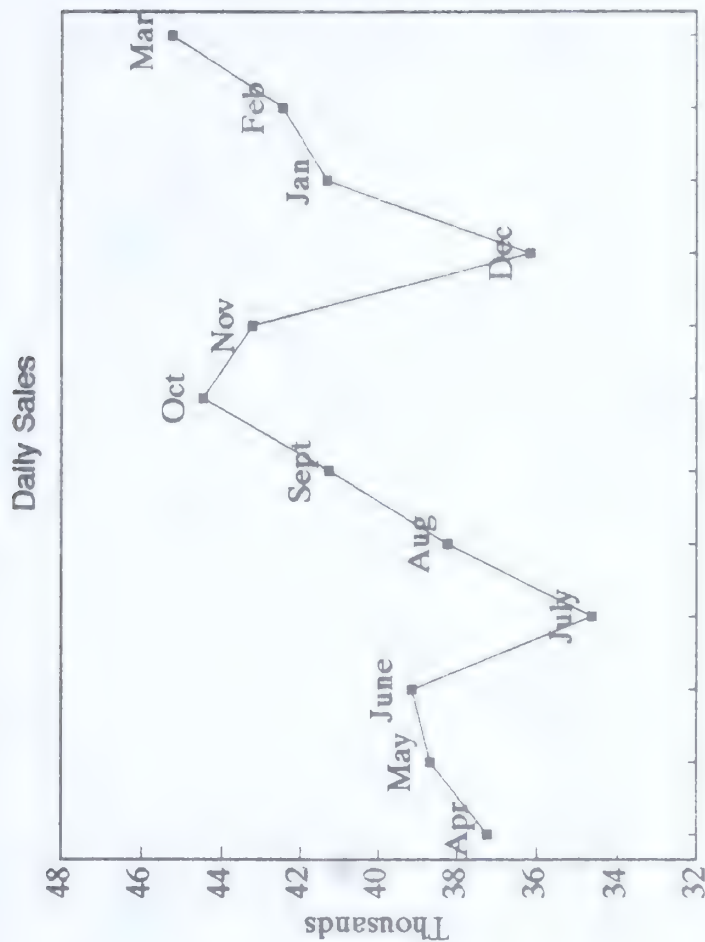




TABLE 9

## SALES OF BUTTERMILK IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly | Cumulative |
|-----------|---------|------------|
| April     | 145,463 | 145,463    |
| May       | 162,129 | 307,592    |
| June      | 170,727 | 478,319    |
| July      | 162,030 | 640,349    |
| Aug       | 170,843 | 811,192    |
| September | 153,754 | 964,946    |
| October   | 158,388 | 1,123,334  |
| November  | 147,851 | 1,271,185  |
| December  | 136,151 | 1,407,336  |
| January   | 142,989 | 1,550,325  |
| February  | 141,576 | 1,691,901  |
| March     | 163,986 | 1,855,887  |

Daily Sales

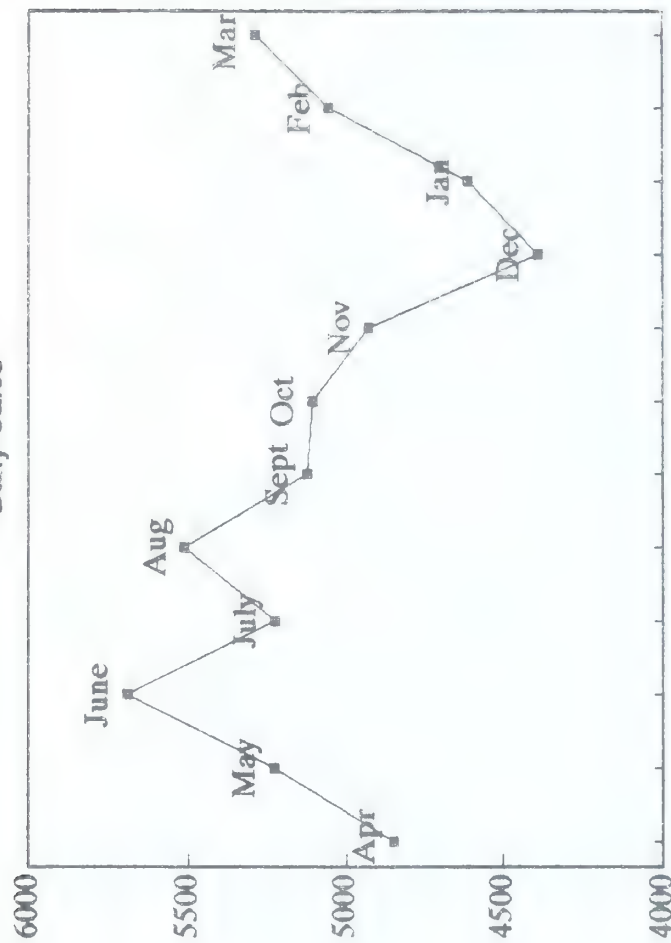


TABLE 10  
SALES OF EGG NOG IN LITRES  
APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly   | Cumulative |
|-----------|-----------|------------|
| April     | 576       | 576        |
| May       | 410       | 986        |
| June      | 582       | 1,568      |
| July      | 442       | 2,010      |
| Aug       | 462       | 2,472      |
| September | 626       | 3,098      |
| October   | 47,973    | 51,071     |
| November  | 260,880   | 311,951    |
| December  | 1,320,064 | 1,632,015  |
| January   | (18,814)  | 1,613,201  |
| February  | (604)     | 1,612,597  |
| March     | 149       | 1,612,746  |

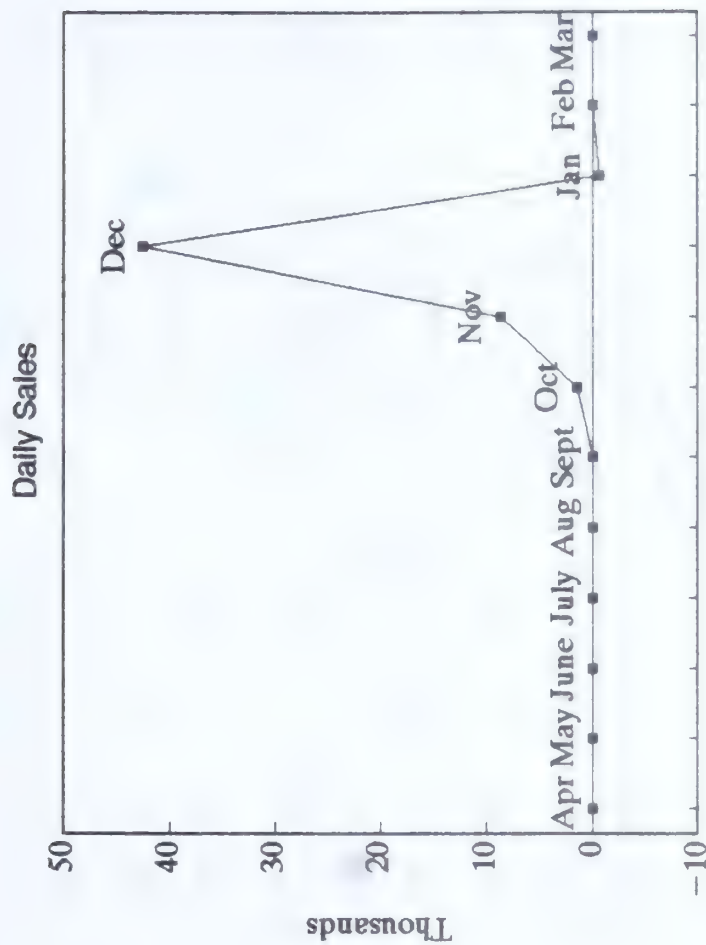


TABLE 11

## SALES OF FLUID CREAM IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|           | Monthly | Cumulative |
|-----------|---------|------------|
| April     | 789,929 | 789,929    |
| May       | 874,352 | 1,664,281  |
| June      | 882,850 | 2,547,131  |
| July      | 818,233 | 3,365,364  |
| Aug       | 910,782 | 4,276,146  |
| September | 959,913 | 5,236,059  |
| October   | 922,004 | 6,158,063  |
| November  | 838,096 | 6,996,159  |
| December  | 984,439 | 7,980,598  |
| January   | 798,670 | 8,779,268  |
| February  | 777,832 | 9,557,100  |
| March     | 876,830 | 10,433,930 |

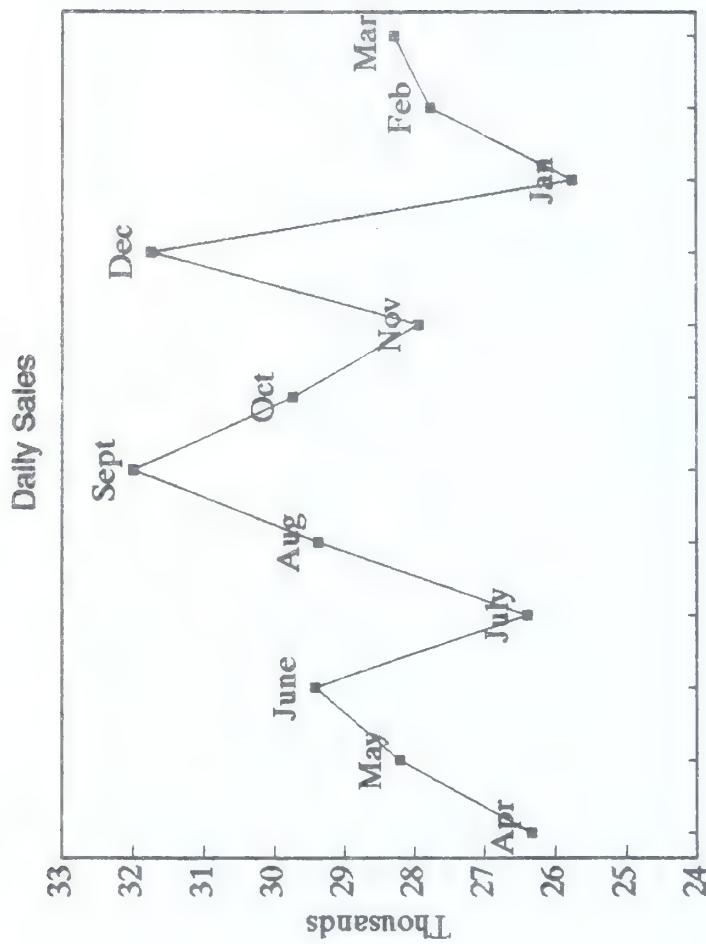


TABLE 12

## TOTAL SALES OF MILK AND CREAM IN LITRES BY SIZE OF CONTAINERS

APRIL 1, 1989 TO MARCH 31, 1990

|              | FLUID MILK<br>PRODUCTS | % OF TOTAL | CREAM      | % OF TOTAL | TOTAL ALL<br>PRODUCTS | % OF TOTAL |
|--------------|------------------------|------------|------------|------------|-----------------------|------------|
| 20 LITRES    | 9,522,060              | 3.65       | 183,090    | 1.77       | 9,705,150             | 3.57       |
| 4 LITRES     | 17,601,788             | 6.74       |            |            | 17,601,788            | 6.48       |
| 2 LITRES     | 190,897,168            | 73.10      |            |            | 190,897,168           | 70.32      |
| 1 LITRE      | 27,767,118             | 10.63      | 3,003,782  | 29.07      | 30,770,900            | 11.33      |
| 500 ML       | 7,002,161              | 2.68       | 3,078,215  | 29.79      | 10,080,376            | 3.71       |
| 250 & 125 ML | 8,363,657              | 3.20       | 947,195    | 9.17       | 9,310,852             | 3.43       |
| CREAMER      |                        |            | 3,121,648  | 30.21      | 3,121,648             | 1.15       |
| TOTAL LITRES | 261,153,952            | 100.00     | 10,333,930 | 100.00     | 271,487,882           | 100.00     |

TABLE 13

## PERCENTAGE OF SALES BY PRODUCT SIZE

APRIL 1, 1988 TO MARCH 31, 1990

|             | 20 Litres | 4 Litres | 2 Litres | 1 Litre | 500 ml | 250 & 125 ml | Portion Pak |
|-------------|-----------|----------|----------|---------|--------|--------------|-------------|
| Homogenized | 4.53      | 8.85     | 76.74    | 9.33    | 0.49   | 0.06         |             |
| 2%          | 4.18      | 8.54     | 75.76    | 6.78    | 1.77   | 2.97         |             |
| 1%          | 0.69      | 2.26     | 89.82    | 7.18    |        | 0.05         |             |
| Skim        | 0.42      | 2.54     | 81.92    | 13.48   |        | 1.64         |             |
| Chocolate   | 7.37      |          |          | 37.90   | 29.11  | 25.62        |             |
| Buttermilk  | 2.47      |          |          | 97.37   |        | 0.16         |             |
| Eggnog      | 0.01      |          | 32.39    | 67.58   |        | 0.02         |             |
| 10% Cream   | 2.43      |          |          | 23.17   | 31.36  | 2.62         | 40.42       |
| 18% Cream   |           |          |          |         |        |              | 100.00      |
| Whip Cream  |           |          |          | 46.20   | 26.18  | 27.62        |             |



TABLE 14

## TOTAL FLUID SALES BY PRODUCT IN LITRES

APRIL 1, 1989 TO MARCH 31, 1990

|            | Sales       | % Utilization |
|------------|-------------|---------------|
| Homo       | 48,428,599  | 17.8%         |
| 2%         | 141,079,576 | 52.0%         |
| 1%         | 31,460,829  | 11.6%         |
| Skim       | 22,059,428  | 8.1%          |
| Chocolate  | 14,656,887  | 5.4%          |
| Buttermilk | 1,855,887   | 0.7%          |
| Egg Nog    | 1,612,746   | 0.6%          |
|            | 261,153,952 |               |
| Cream      | 10,333,930  | 3.8%          |
| Total      | 271,487,882 |               |

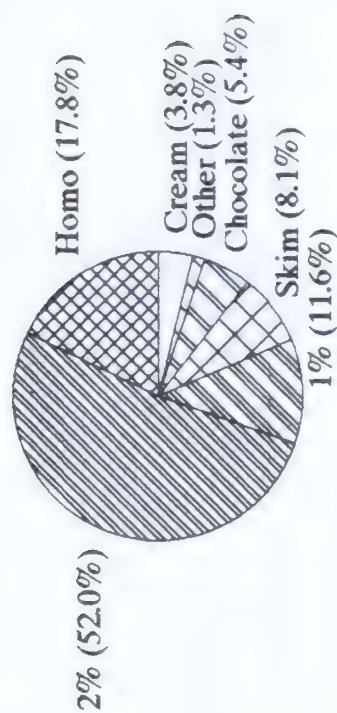


TABLE 15

## CLASS I SALES, UTILIZATION PERCENTAGE OF QUOTA MILK

APRIL 1 TO MARCH 31

|           | Class I Sales<br>1989 - 1990 | % Utilization |
|-----------|------------------------------|---------------|
| April     | 20,802,767                   | 72.51         |
| May       | 23,530,800                   | 79.33         |
| June      | 21,145,952                   | 75.91         |
| July      | 19,620,291                   | 66.36         |
| August    | 21,374,434                   | 71.75         |
| September | 22,250,789                   | 77.15         |
| October   | 23,302,637                   | 78.33         |
| November  | 22,522,311                   | 78.10         |
| December  | 22,280,174                   | 74.59         |
| January   | 23,073,471                   | 77.19         |
| February  | 21,221,780                   | 78.58         |
| March     | 23,633,216                   | 79.02         |
| Total     | 265,758,622                  | 75.80         |

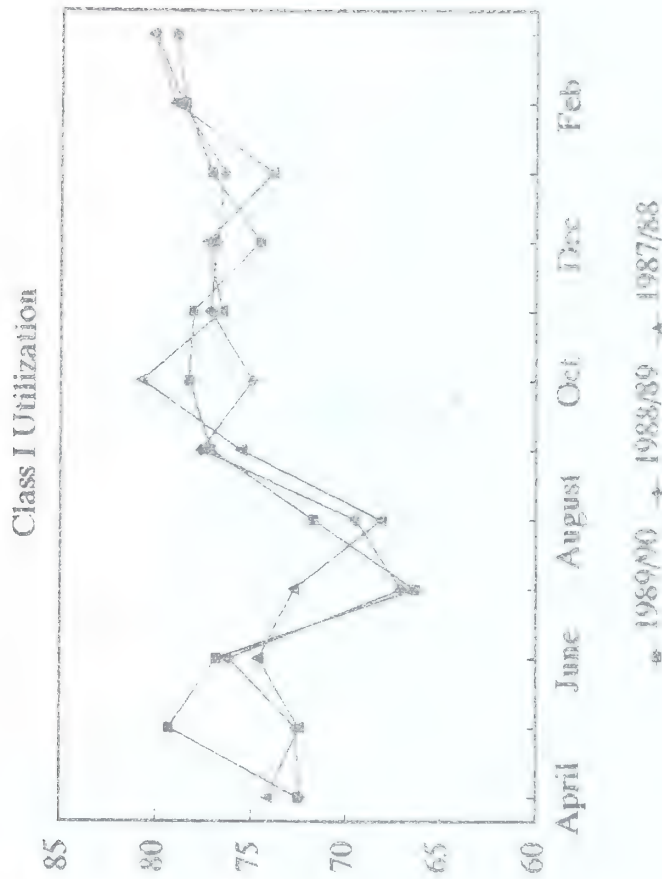
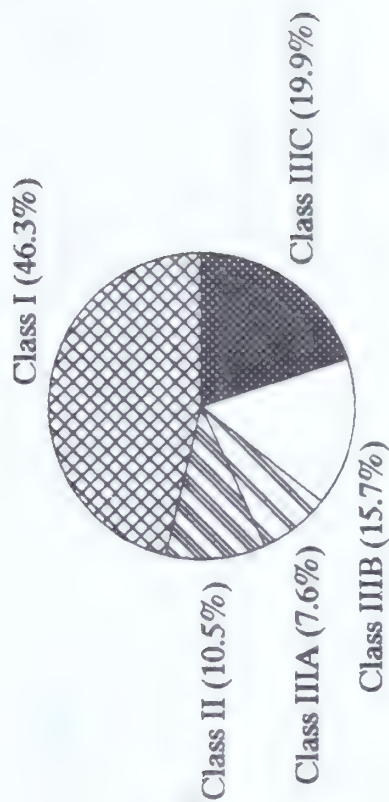


TABLE 16

## UTILIZATION OF QUALIFYING MILK BY CLASS

APRIL 1, 1989 TO MARCH 31, 1990

|            | Litres      | Percentage |
|------------|-------------|------------|
| Class I    | 265,758,622 | 46.3%      |
| Class II   | 60,099,384  | 10.5%      |
| Class IIIA | 43,350,726  | 7.6%       |
| Class IIIB | 90,273,401  | 15.7%      |
| Class IIIC | 114,323,232 | 19.9%      |
| Class IV   | 0           | 0.0%       |



573,805,365

TABLE 17

## MILK AND CREAM PRODUCERS AND PRODUCTION

APRIL 1 TO MARCH 31

|                              | 1989-1990   | 1988-1989   | 1987-1988   |
|------------------------------|-------------|-------------|-------------|
|                              | -----       | -----       | -----       |
| Number of Milk Producers     | 1,442       | 1,464       | 1,495       |
| Number of Cream Producers    | 473         | 587         | 844         |
| Milk Production (litres)     | 573,805,365 | 574,758,213 | 572,476,618 |
| Cream Production (kilograms) | 448,035     | 573,661     | 684,099     |

The average daily shipment per milk producer was 1,090 litres in 1989-1990



TABLE 18

## GRADUATED ENTRY PLAN STATISTICS

|  | 1989    | 1988    | 1987    | 1986    | 1985    | 1984    |
|--|---------|---------|---------|---------|---------|---------|
| Applications Received                                | 0       | 0       | 0       | 58      | 56      | 18      |
| Applications Accepted                                | 0       | 0       | 176     | 0       | 0       | 0       |
| Total Applications Accepted Since<br>January 1, 1975 | 1,106   | 1,106   | 1,106   | 930     | 930     | 930     |
| Initial Allotment - Litres                           | 0       | 0       | 8,785   | 0       | 0       | 0       |
| 2nd year daily allotment - Litres                    | 0       | 8,400   | 0       | 0       | 0       | 0       |
| 3rd year daily allotment - Litres                    | 8,230   | 0       | 0       | 0       | 0       | 2,435   |
| Total Litres to Date                                 | 336,935 | 328,705 | 320,305 | 311,520 | 311,520 | 311,520 |

TABLE 19

## UNUSED MARKET SHARE QUOTA EXCHANGE

|                  | 1989-90 |         | 1988-89 |         | 1987-88 |         | 1986-87 |         |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                  | \$/KG   | KG SOLD | \$/KG   | KG SOLD | \$/KG   | KG SOLD | \$/KG   | KG SOLD |
| October          | 10.00   | 3,147   | 15.00   | 897     | 15.00   | 10,208  | 8.50    | 5,637   |
| November         | 9.50    | 4,124   | 16.00   | 7,164   | 17.00   | 7,327   | 9.50    | 13,575  |
| December         | 7.50    | 5,355   | 15.00   | 4,593   | 17.00   | 13,240  | 10.00   | 3,314   |
| January          | 9.00    | 9,013   | 15.00   | 4,648   | 17.00   | 12,908  | 10.00   | 3,244   |
| February         | 10.00   | 13,479  | 14.75   | 19,345  | 19.00   | 8,445   | 12.00   | 10,074  |
| March            | 11.00   | 19,256  | 15.00   | 23,009  | 20.00   | 19,727  | 12.00   | 2,698   |
| April            | 13.00   | 18,302  | 16.00   | 21,745  | 21.00   | 19,399  | 13.00   | 2,754   |
| May              | 13.00   | 48,349  | 15.50   | 35,913  | 22.00   | 16,216  | 16.00   | 12,127  |
| June             | 13.00   | 64,951  | 14.75   | 35,289  | 21.00   | 16,245  | 18.00   | 14,275  |
| July             | 14.00   | 36,750  | 14.00   | 42,806  | 20.00   | 22,852  |         | 0       |
| WEIGHTED AVERAGE | 12.41   | 222,726 | 14.95   | 195,409 | 19.37   | 146,567 | 13.04   | 67,698  |

TABLE 20

## USED MARKET SHARE QUOTA EXCHANGE

|                  | 1989-90 |         | 1988-89 |         | 1987-88 |         | 1986-87 |         |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                  | \$/KG   | KG SOLD | \$/KG   | KG SOLD | \$/KG   | KG SOLD | \$/KG   | KG SOLD |
| October          | 6.00    | 124     | 12.00   | 1,000   | 14.00   | 1,753   | 6.00    | 377     |
| November         | 5.50    | 1,691   | 11.00   | 1,454   | 12.00   | 498     | 7.50    | 1,083   |
| December         | 5.50    | 1,572   | 10.00   | 1,657   | 12.00   | 2,939   | 8.00    | 198     |
| January          | 4.00    | 0       | 10.00   | 3,736   | 10.00   | 721     | 8.00    | 160     |
| February         | 6.00    | 1,952   | 9.00    | 3,235   | 9.00    | 1,725   | 8.50    | 3,509   |
| March            | 8.00    | 1,745   | 8.50    | 7,353   | 12.00   | 5,985   | 8.50    | 1,298   |
| April            | 8.00    | 10,399  | 8.50    | 9,256   | 14.00   | 4,876   | 10.00   | 456     |
| May              | 10.00   | 4,533   | 9.00    | 12,025  | 15.00   | 4,226   | 12.00   | 1,036   |
| June             | 10.50   | 10,800  | 9.00    | 10,566  | 15.00   | 1,651   | 13.00   | 943     |
| July             | 10.00   | 15,512  | 9.00    | 10,478  | 15.00   | 7,220   |         | 0       |
| WEIGHTED AVERAGE | 9.13    | 48,328  | 9.05    | 60,760  | 13.45   | 31,594  | 9.20    | 9,060   |

TABLE 21

## MILK PRICES: CLASS I, II, III, QUOTA &amp; OVERQUOTA

1989

|           | Jan.  | Feb.  | March | April | May   | June  | July  | Aug.  | Sept. | Oct.  | Nov.  | Dec.  |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Class I   | 51.07 | 51.07 | 51.07 | 52.05 | 52.05 | 52.05 | 52.05 | 52.84 | 53.03 | 53.03 | 52.12 | 52.05 |
| Class II  | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.75 | 42.75 | 42.75 | 42.75 | 42.75 |
| Class III | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.95 | 40.95 | 40.95 | 40.95 | 40.95 |
| Quota     | 48.62 | 48.86 | 48.94 | 48.98 | 49.61 | 49.41 | 48.23 | 49.52 | 50.32 | 50.46 | 49.73 | 49.24 |
| Overquota | 40.86 | 40.85 | 40.74 | 40.96 | 40.65 | 40.83 | 40.85 | 41.24 | 41.28 | 41.30 | 41.32 | 41.25 |

1988

|           | Jan.  | Feb.  | March | April | May   | June  | July  | Aug.  | Sept. | Oct.  | Nov.  | Dec.  |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Class I   | 48.13 | 48.13 | 48.13 | 48.13 | 48.13 | 49.11 | 49.11 | 50.09 | 50.09 | 51.07 | 51.07 | 51.07 |
| Class II  | 41.78 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 | 42.36 |
| Class III | 39.98 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 | 40.56 |
| Quota     | 46.10 | 46.57 | 46.66 | 46.15 | 46.11 | 46.68 | 46.32 | 47.12 | 47.95 | 48.53 | 48.67 | 48.69 |
| Overquota | 40.38 | 40.84 | 40.81 | 40.92 | 40.89 | 40.74 | 40.87 | 40.76 | 40.83 | 40.97 | 40.88 | 40.87 |





